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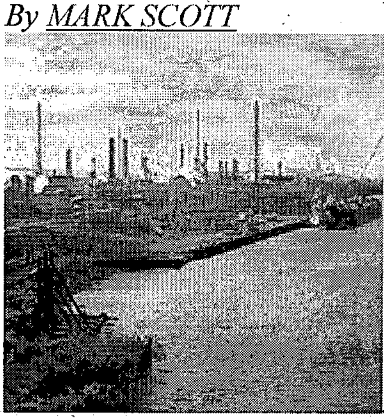
April 30, 2012, *7:35 am*Mergers & Acquisitions

Energy Transfer to Buy Sunoco for $5.3 Billion

By MARK SCOTT


Jessica Kourkounis for The New York TimesThe Sunoco refinery in Philadelphia. The company is closing its refineries in the Northeast.

8:48 a.m. | Updated

The energy transportation and distribution company Sunoco agreed Monday to be sold to Energy Transfer Partners, a pipeline operator, for $5.3 billion, in the latest deal in America's fast-expanding oil and natural gas industry.

Under the terms of the deal, Energy Transfer, based in Dallas, will offer shareholders in Sunoco $25 in cash and 0.52 of an Energy Transfer share for each of their shares. The total value of the cash-and-

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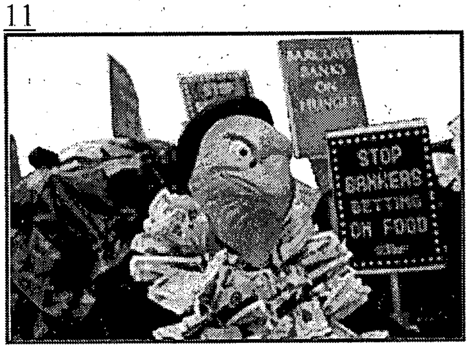

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18

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16

share deal, which must be approved by regulators and Sunoco's shareholders, is $50.13 a share, which is 29 percent above Sunoco's closing price on Friday.

Sunoco operates pipelines, storage facilities and other assets in the United States. Last year, the company announced it was exiting the oil refinery business, and is currently in talks with the Carlyle Group about creating a joint venture for its refinery plant in Southern Philadelphia, one of the largest facilities on the east coast.

Energy Transfer's acquisition of Sunoco is the latest in a flurry of deals in the country's energy sector.

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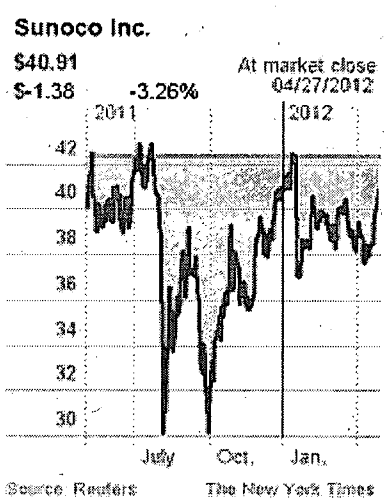
Earlier this month, Penn Virginia Resource Partners agreed to buy the energy pipeline company Chief Gathering for $1 billion to increase its foothold in the booming shale natural gas sector. In February, the private equity firm Blackstone Group announced a $2 billion investment in Cheniere Energy Partners to help build a facility in Louisiana where natural gas will be compressed, chilled and shipped to Europe, Asia and other foreign markets.

Energy Transfer said the deal for Sunoco, based in Philadelphia, would help expand its presence in the transportation, storage and logistics of crude oil, natural gas and refined petrochemical products. Sunoco also operates 4,900 gas stations in the United States. Energy Transfer already owns energy pipeline infrastructure from Arizona to West Virginia, as well as storage facilities in Texas, Louisiana and Mississippi.



The Dallas-based company said it expected $70 million of annual cost savings once the deal is complete.

“This transaction represents the next step in Energy Transfer Partners’ transformation into a more diversified enterprise with an integrated and expanded footprint,” the company’s chief executive, Kelcy L. Warren, said in a statement. “We will enhance the size and scale of the E.T.P. platform by creating new service capabilities and entering new geographic operating areas.”

Last year, Energy Transfer also acquired Southern Union, a major pipeline operator with connections to some of the nation’s major shale gas areas, for approximately $5.3 billion.

The deal for Sunoco is expected to close by the end of the year. In pre-trading on Monday, Sunoco’s share price had risen 21 percent.

Energy Transfer was advised by Wells Fargo Securities and the law firms Latham & Watkins; Bingham McCutchen; and Morris, Nichols, Arsht & Tunnell. Sunoco was advised by Credit Suisse and the law firm Wachtell, Lipton, Rosen & Katz.

Tags

Energy Transfer Equity, Energy Transfer Partners, Sunoco

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